

BOOK REVIEW

Outside Insight

Lyseggen, J. (2017). *Outside insight: Navigating a world drowning in data*. Washington D.C.: Influential Marketing Group. 316 pp. ISBN: 978-940858. Listed price: \$24.95

Review by Deborah Verwers, Tarleton State University

Outside Insight, written by Meltwater founder Jorn Lyseggen, helps business executives and others in key business roles make informed decisions using online data that is available to anyone. Lyseggen calls this information the “digital bread crumbs” that every business and individual leaves behind as they move across the web. He finds these bread crumbs in everything, including social media job postings, social media buzz, media coverage, and company websites.

The thesis of the book is that “decision-making is up for a major overhaul and needs to adjust to a new digital reality.” In the 1990s business analysis was revolutionized by Enterprise Resource Planning (ERP). With ERP, a business was able to gather and integrate its internal data for a historical picture of what the company has accomplished in the past. Future plans were made based on past performance. This is old technology. It leaves companies like RIM, the makers of Blackberry, asking “What happened?” Lyseggen compares using historical data to “driving a car looking in the rear-view mirror”.

Outside Insight focuses on the need for business to anticipate change. It acknowledges that, while a business should know internal Key Performance Indicators (KPIs), financials, and quarterly reviews, real-time analysis of external data leads to understanding the market and anticipating change in an industry. This information allows a company to make rapid adjustments in all aspects of business. Software such as

Meltwater relies on techniques from big data, machine learning, and predictive analytics to look for patterns and text and focuses on real-time viewing of a competitive landscape. A business can use that information to determine threats and opportunities today.

The book is divided into four sections: New Digital Reality, New Decision Paradigm, Outside Insight in Practice, and The Future of Outside Insight. The section delineations are helpful for referencing in the book, but the reader should start at the front, including the preface, and read through to receive the greatest benefit. Part 1 gives the background for where the “bread crumbs” are found and explains, in understandable terms, why you, as a CEO or marketer, should be concerned with picking up those crumbs. Lyseggen includes the story of how Apple’s “boilerplate” (a statement located on the bottom of every business’s press release) shows the evolution of the company and how they see their future. This public information is available for anyone to analyze.

Part 2 explains the three components of the new paradigm. Shifting the focus from the historical, internal data, Lyseggen explains the value of external data, real time, and benchmarking. Using the example of the financial crash of 2008, he explains how one broker, Michael Burry, read dozens of 130-page public prospectuses for mortgage bonds. “Burry was the only person, aside from the lawyers who drafted them, to read them in detail.” (p. 80). He saw what large banking concerns did not see and predicted the crash from public data. Walmart optimizes its bidding on Google Adwords daily and adjusts based on the real-time data they receive from their point of sale terminals. Finally, benchmarking with competitors allowed YouTube to take the lead, beginning in 2006, against other startups of the time.

Outside Insight in Practice, Part 3, is the heart of the book. Following global energy, mining, and Chinese activity, Richard Wagner, the CEO of Prevedere, a predictive analytics company, saw the “disappointing news” of Caterpillar Inc. before the Q3 earnings report came out (p.125). This report came as a surprise to Wall Street and the CEO and chairman of Caterpillar, Inc., Doug Oberhelman, who at the time expected much better based on his internal KPIs. Examples of Outside Insight continue into the election marketing of Barack Obama and the prediction of Donald Trump’s win. All of it was based on external data available to the public. Today, investment decisions are being

transformed as “social media becomes a leading indicator for a stock’s future share price.” (p.216).

The final section of the book discusses the future of Outside Insight with the development of software to help businesses realize future movement based on predictions from real-time external data. This data is vast, unstructured, noisy, and predominantly text-based. It needs specialized software that can mine big data and turn it into usable information for all types of business. It calls for the development of new data sources like satellites the “size of a mini-fridge ...built with off -the-shelf components” placed in orbit by Planet Labs to monitor weather conditions and farmland usage and Terra Bella to monitor trucks transporting products (p.257). In the final pages, Lyseggen considers the problems of all this amazing technology. How will we protect individual privacy? How can we be sure our algorithms are ethical or used in an ethical manner? How will the inevitable development of “fake breadcrumbs” affect data? (p.252). Technology moves much faster than the ethics surrounding it.

Steps are given so board members, executives, and marketers can begin to understand the practice of Outside Insight and create a corporate plan. Though the information is public, the quantity available and the need to choose the outside factors that affect an individual business keeps this from being a do-it-yourself activity.

While Lyseggen does reference Meltwater frequently, it is not an all-out commercial for the company. There is a complementary license for limited use of the product in the appendix along with a companion app to access more case studies and an accompanying website with additional material. The relevant examples keep the reader turning page after page. It will open the eyes of CEOs and marketing firms and can educate students in the business, communications, and information technology fields. The approachable writing style makes it an enjoyable and informative reading experience.